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**INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
SEPTEMBER 30, 2004**

(Unaudited)

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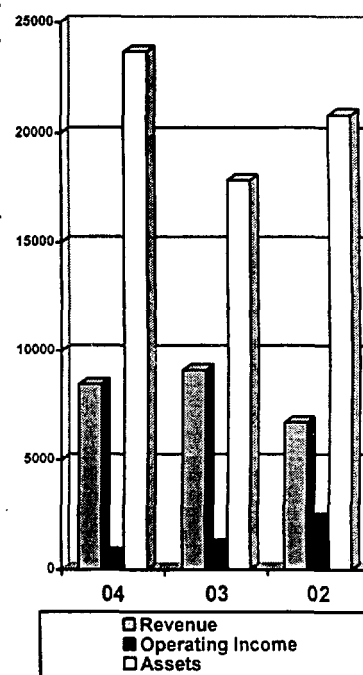
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## FINANCIAL HIGHLIGHTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30

[IN THOUSANDS]

	2004	2003	2002
<b>Results from operations</b>			
Total revenues	\$ 8,449,338	\$ 9,107,374	\$ 6,730,581
Operating income	\$ 723,090	\$ 1,104,492	\$ 2,324,398
Net income	\$ 323,623	\$ 524,321	\$ 1,362,325
Assets	\$ 23,684,392	\$17,876,484	\$20,867,378



### MANAGEMENT REPORTS OPERATING INCOME IN THE SECOND QUARTER OF \$566,437.

## Q2 ACHIEVEMENTS

- Winzen's operating income for three months increased to \$566,437 from \$182,120 in the second quarter of 2003. The closings of 17 *Applewood Orchards* houses and five *Silver Brooke* houses had the largest impact on higher operating income in the second quarter of 2003.
- Rental operations income increased to \$606,024 from \$599,212 due to normal rental increases.
- The Company closed 17 houses in the *Applewood Orchards* project in the quarter.
- The Company closed five houses the *Silver Brooke* project.
- The Company continued marketing of *Millcreek by the Grand*, the 73-unit townhouse site in Cambridge, and building the first phase. Thirteen units have been sold to date.
- The Company continued servicing the Brantford property and started a model near the end of the quarter.

## CORPORATE PROFILE

Winzen Properties Inc. is a diversified real estate company focused on the development and construction of new homes in the Greater Toronto Area and the ownership and value enhancement of residential and commercial rental properties. The Company's objective is to realize superior financial returns for its shareholders by enhancing the value of its real estate and by making opportunistic investments in rental and development properties.

## TO OUR SHAREHOLDERS

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### ***Dear Fellow Shareholders:***

We are pleased to share with you Winzen's financial and operating results for the six months ended September 30, 2004, a quarter in which the Company closed a total of 22 homes; 17 in the *Applewood Orchards* project and five sales in the *Silver Brooke* project. The second quarter results continued our record of profitability from the first quarter. It is expected that profitability will continue into the third and fourth quarters.

### **FINANCIAL RESULTS**

Winzen continues to deliver a solid financial performance despite unsettled economic conditions.

For the six months ended September 30, 2004, cashflow from operations decreased to \$518,090, compared with \$705,899 in 2003. The gain from operations for the six months ended September 30, 2004 was \$723,090 compared to \$1,104,492 in the prior year. Last year's results were significantly higher due to the closing of 36 *Sheldon Point by the Creek* townhouse units versus a total of 29 units in 2004.

### **OPERATIONS**

#### **Real Estate Sales**

For the six months, the Company had \$7,178,066 in revenue from the sale of properties, compared to \$7,818,813 in the second quarter of 2003. The sale of 17 houses in *Applewood Orchards* represented the majority of sale of properties revenue in the first six months. Five sales were achieved in the six months at *Silver Brooke Estates*. There were a further 20 sales in the *Applewood Orchards* project scheduled to close in the next two quarters.

Winzen's residential property sales continued to be steady in the second quarter. It is expected that the Company will continue, in future, to achieve ongoing steady sales at its various sites. There is anticipated continued demand in the housing market due to high affordability of purchasers from low interest rates.

#### **Property Development**

There was \$12.4 million in property development at the end of the quarter. Just under 50% of this amount was attributed to the Burlington property, *Applewood Orchards*.

One model home has been built on the *Applewood Orchards* 75-lot house development, with five additional inventory homes under construction, along with sold homes. *Applewood Orchards* has been marketed since early last year and is expected to sell out in early 2005.

In Cambridge, the first phase of 24 units of the total 73 units was well underway at the end of the quarter. Purchasers were starting to take possession of their units in October and the first block in Phase II was started in late November.

At *Silver Brooke*, the Company was building another model home. An additional lot was acquired and closed after the quarter.

The Brantford site was serviced and the first block of four units were started, one of which will become the model home. It is expected that the sales campaign will begin in February 2005.

### **Rental Properties**

The Company held just under nine million dollars in rental properties at the end of September 30, 2004.

The 416 *The Westway* property continues to operate with little vacancy and an outstanding collection record. A new heating system and new windows for the north side of the building were ordered during the quarter to reduce heating costs. At 837 *Queenston Road* in Stoney Creek, vacancies were ten units in the period, compared to four last year.

At both residential properties, market rents have been lower recently, with rising expenses – primarily utilities. Due to this trend, it is expected that their bottom lines will decline during the remaining two quarters.

### **A LOOK AHEAD**

As we look to the balance of the year and beyond, we remain focused on developing and owning residential properties in the Greater Toronto Area. Given uncertain current market conditions, we remain focused on completing sales at the *Applewood Orchards*, *Millcreek by the Grand* and *Silver Brooke* sites. We anticipate future continued revenues from residential construction, as sales and closings are achieved at *Millcreek by the Grand*, *Applewood Orchards*, *Silver Brooke Estates* and the new Brantford site. These sales are expected to close in the March 31, 2005 year and beyond. The Company has an accepted offer subject to due diligence, to acquire a single home site in Hamilton on the Ancaster border. Other properties are also being investigated for purchase. Through disciplined asset and capital management, we are committed to increasing our return on capital and maintaining growth in cash flow per share.

Thank you for your continued support.

On behalf of management and the board,  
November 29, 2004



Brian Zenkovich  
*Chief Executive Officer*



Raymond Zenkovich  
*Chief Operating Officer*

## CONSOLIDATED BALANCE SHEET

As at	September 30 2004	March 31 2004
	[unaudited]	[audited]
<b>Assets</b>		
Rental properties	\$ 8,996,202	\$ 9,170,581
Properties held for development and resale	12,381,397	11,129,835
Investment in Ville de Longueuil properties	414,658	414,659
Cash and cash equivalents	744,499	437,737
Marketable securities	157,864	150,350
Receivables and other assets	989,772	600,376
	<b>\$ 23,684,392</b>	<b>\$ 21,903,538</b>
<b>Liabilities</b>		
Property financing	\$ 8,758,584	\$ 8,417,678
Construction financing	6,243,473	5,907,060
Accounts payable and accrued liabilities	1,472,411	1,038,359
Income taxes payable	267,200	62,200
Loans payable	-	-
Purchasers' deposits	441,152	300,293
Future income taxes	468,000	468,000
	<b>\$ 17,650,820</b>	<b>\$ 16,193,590</b>
<b>Shareholders' equity</b>		
Share capital	\$ 2,227,454	\$ 2,227,454
Retained earnings	3,806,118	3,482,494
	<b>\$ 6,033,572</b>	<b>\$ 5,709,948</b>
	<b>\$ 23,684,392</b>	<b>\$ 21,903,538</b>

# CONSOLIDATED STATEMENT OF EARNINGS

[UNAUDITED]  
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30

	3 Months 2004	3 Months 2003	6 Months 2004	6 Months 2003
<b>Revenue</b>				
Real estate sales	\$ 5,688,837	\$ 1,745,956	\$ 7,178,066	\$ 7,818,813
Rental operations	606,024	599,212	1,202,984	1,196,319
Property management	26,725	21,732	47,957	44,254
Interest and other	8,127	38,046	20,331	47,988
Commission	-	-	-	-
	<b>\$ 6,329,713</b>	<b>\$ 2,404,946</b>	<b>\$ 8,449,338</b>	<b>\$ 9,107,374</b>
<b>Expenses</b>				
Cost of real estate sales	\$ 5,018,260	\$ 1,373,887	\$ 6,256,340	\$ 6,531,746
Rental operations	375,564	513,438	803,290	943,392
Administrative and general	330,024	279,054	595,975	447,006
Selling and operating	39,428	48,860	68,674	71,730
Other interest	-	7,587	1,969	9,007
	<b>\$ 5,763,276</b>	<b>\$ 2,222,826</b>	<b>\$ 7,726,248</b>	<b>\$ 8,002,881</b>
<b>Operating income</b>	<b>\$ 566,437</b>	<b>\$ 182,120</b>	<b>\$ 723,090</b>	<b>\$ 1,104,493</b>
Amortization of rental properties and other capital assets	91,381	92,381	182,761	188,761
Amortization of financing fee	11,706	11,705	11,706	23,411
<b>Income before income taxes</b>	<b>463,350</b>	<b>78,034</b>	<b>528,623</b>	<b>892,321</b>
Provision for large corporations tax	-	3,000	-	6,000
Provision for current income taxes	180,000	50,000	205,000	362,000
<b>Provision for income taxes</b>	<b>180,000</b>	<b>53,000</b>	<b>205,000</b>	<b>368,000</b>
<b>Net income</b>	<b>\$ 283,350</b>	<b>\$ 25,034</b>	<b>\$ 323,623</b>	<b>\$ 524,321</b>
<b>Retained earnings,</b>				
Beginning of period	\$ 3,522,768	\$ 3,409,922	\$ 3,482,495	\$ 2,910,635
End of period	\$ 3,806,118	\$ 3,434,956	\$ 3,806,118	\$ 3,434,956
<b>Net income per share</b>	<b>\$ 0.03</b>	<b>\$ 0.00</b>	<b>\$ 0.03</b>	<b>\$ 0.05</b>
<b>Common shares outstanding</b>	<b>9,644,100</b>	<b>9,644,100</b>	<b>9,644,100</b>	<b>9,644,100</b>

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

[UNAUDITED]  
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30

	3 Months 2004	3 Months 2003	6 Months 2004	6 Months 2003
<b>Cash flow from operating activities</b>				
Net income	\$ 283,349	\$ 25,034	\$ 323,623	\$ 524,321
Items not affecting cash:				
Amortization of rental properties	91,381	61,787	182,761	158,167
Amortization of financing fees	11,706	11,705	11,706	23,411
Funds from operations	386,436	98,526	518,090	705,899
Change in non-cash operating working capital items				
Accounts receivable	42,041	259,489	(62,982)	11,185
Other Assets	(244,418)	40,770	(271,120)	79,700
Purchasers' deposits	(350,503)	62,000	140,859	(165,916)
Deposits on property	(56,750)	25,000	(67,000)	22,969
Recovery of costs from sale of properties held for development and resale	5,027,260	1,373,887	6,265,339	6,531,745
Additions to properties held for development and resale	(2,844,252)	(1,755,380)	(7,516,902)	(3,160,775)
Income tax payable	180,000	61,000	205,000	(384,000)
Accounts payable	(39,724)	(150,317)	434,053	(312,767)
	1,713,654	(83,551)	(872,753)	2,622,141
	2,100,090	14,975	(354,663)	3,328,040
<b>Cash flow from investing activities</b>				
Reductions to rental properties	(5,741)	105,076	(8,381)	97,099
Repayment of mortgages receivable	-	23,093	-	23,177
Net proceeds (Invest.) of marketable se	(7,866)	(115,605)	(7,514)	(112,485)
	(13,607)	12,564	(15,895)	7,791
<b>Cash flow from financing activities</b>				
Mortgage proceeds	(2,588,746)	-	-	-
Repayment of property financing	(77,112)	(114,221)	340,906	(206,673)
Repayment of construction financing	635,549	(28,180)	336,413	(3,068,302)
Repayment of loans payable	-	(323,984)	-	(404,164)
	(2,030,309)	(466,385)	677,319	(3,679,139)
<b>Increase (decrease) in cash, during the period</b>	<b>56,174</b>	<b>(438,846)</b>	<b>306,761</b>	<b>(343,308)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>688,325</b>	<b>2,427,498</b>	<b>437,738</b>	<b>2,331,960</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 744,499</b>	<b>\$ 1,988,652</b>	<b>\$ 744,499</b>	<b>\$ 1,988,652</b>
<b>Funds from operations per share</b>	<b>\$ 0.04</b>	<b>\$ 0.01</b>	<b>\$ 0.05</b>	<b>\$ 0.07</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004

## 1 BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"] and Canadian Institute of Public Real Estate Companies ["CIPREC"] and are consistent with those used in the audited consolidated financial statements as at and for the year ended March 31, 2004.

## 2 SHARE CAPITAL

	September 30, 2004		March 31, 2004	
	Number	Amount	Number	Amount
Common Shares outstanding	9,644,100	\$2,227,454	9,644,100	\$2,227,454

## 3 EARNINGS PER SHARE CALCULATION

The earnings per share calculation as shown on the income statement is fully diluted as there are no options outstanding.

## 4 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

## **CORPORATE INFORMATION**

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### **SHAREHOLDER INQUIRIES**

Winzen welcomes inquiries from shareholders, analysts, media representatives and other interested parties. Questions relating to investor relations and financial results can be directed to Brian Zenkovich, Chief Executive Officer at (416) 253-5900 or via e-mail at [winzen@winzen.on.ca](mailto:winzen@winzen.on.ca).

Shareholder questions relating to address changes, stocks, transfers, registered shareholdings or lost certificates should be directed to the Company's Registrar and Transfer Agent:

#### **Computershare Investor Services Inc.**

Corporate Services Division  
510 Burrard Street  
Vancouver, BC V6C 3B9

Tel: (604) 661-9418

Fax: (604) 683-3694

### **COMMON STOCK INFORMATION**

Symbol: WZI

Stock Exchange: The TSX Venture Exchange (TSX)

Fiscal Year End: March 31

### **HEAD OFFICE**

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